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Farmers' Food Customers Studied . . . In Countrywide Survey

FARMERS, processers, and handlers of foods have an interest in a countrywide survey being made this spring to get certain facts about the Nation's food consumption. Information about eating habits is needed in order to estimate our food consumption potential in the years ahead and to enable us to take advantage of opportunities for wider markets.

Farmers need to know how demand for their products varies by income, for example, so that as incomes change they can better adjust their output of alternative products to meet changing demand.

- How does food consumption by farm families differ from that of rural nonfarm families, or urban families?
- Which foods are bought more often by lower-income families than higher-income families?
- How do food consumption patterns differ from one part of the country to another?
- What factors affect changes in the demand for farm food products?

It is to help answer such questions, and others, that the U. S. Department of Agriculture is sponsoring this what-foods-do-you-eat survey. The survey is being conducted by National Analysts, Inc., a private fact-gathering company, under contract with the Department.

Using the sampling method, some 6,000 households in 42 States will be contacted by representatives of this company who will interview housewives

(*Please turn to page 2*)

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about the foods eaten during the preceding week.

By Income Groups

All the facts collected from the households will be summarized so as to show what foods are eaten in four regions of the country, by farm, rural nonfarm, and urban families, and by several family income classes. The survey ties in with the broad research program of the USDA and the *Agricultural Marketing Service* to help find better markets for farm products.

From the survey data will come an understanding of just what types of households consume each kind of food, how much they eat, the value or cost of the food and how they obtain the food. Did they buy it? Did they grow it? Was it a gift?

These kinds of facts, indirectly helpful to the farmer, will be directly helpful to people in Government agencies, in farm organizations, and in food industries that study the American food market. The survey results will show how the market stands now and will point up areas where consumption of particular foods may be increased.

Parity and Dietary Data

The survey will have other uses. The part of the survey covering rural farm households will yield part of the data needed to modernize the food weights of the Index of Prices Paid by Farmers. This, you know, is one of the two indexes used by the Department in the calculation of farm parity prices. Home economists and nutritionists, moreover, will get information they can use in setting up educational programs—such programs as will guide families in making shifts in food use, so as to have more adequate diets.

This will be the first detailed study of countrywide patterns of food consumption since 1942. Urban food consumption was surveyed in 1948 and some rural areas have been studied since then. But a coordinated picture of postwar changes in food patterns has been lacking.

It will take some time to organize and study the data but you can look forward to special articles on this subject in the *Agricultural Situation.*

Tom Lanahan
Agricultural Economics Division, AMS

Farmers Use More Electricity

FARMERS in this country are using more electricity but, on the average, are getting it at a slightly lower rate.

According to the annual survey by the Agricultural Marketing Service, U. S. farmers paid an average of 2.61 cents per kilowatt-hour for electricity in July of 1954 compared with 2.77 cents in July of 1953 and with the 1947–52 July average of 3.03 cents.

The average farm electric bill for the past July is $9.45 which compares with $8.80 in July a year earlier and a 6-year July average of $6.83. The survey was based on reports from more than 22,000 farmers throughout the United States.

Big Users in the West

Farmers in the Pacific States paid the highest average monthly electric bill, those in the East South Central area the lowest.

The average number of kilowatt-hours used per U. S. farm in July 1954 was 363. This compares with 317 in July 1953 and with the 1947–52 July average of 227. Regionally, the average number used per farm varied from 1,300 in the Pacific Coast States, where electric power is used to pump water for irrigation, to 205 in the West South Central Region.

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The Agricultural Situation is sent free to crop, livestock, and price reporters in connection with their reporting work

Getting a Better Understanding About Parity Prices . . . Part I

PARITY is a term that is widely used and discussed by farmers and nonfarmers alike, and yet it is a term that has only a vague meaning to many. Actually, parity is very simple in concept. Visualizing this concept, however, has been made difficult by the various modifications in the basic procedure that have been introduced from time to time to adjust for changes in farmers' buying and selling practices, and to modify relationships among commodities that were not considered fair or reasonable by the Congress.

This month we will try to give you the general picture of parity and how the concept is used. Next month, we hope to follow with a more detailed explanation of parity price computations—including changes made by Congress in recent years, and what is meant by "old parity", "transitional parity", "modernized parity", and "the parity ratio".

The word parity means "equality" or "equal value." Congress has defined parity prices for agricultural products as the price that will give these products equal value or equal purchasing power in terms of goods and services bought by farmers that they had in the base period. In other words, the prices needed to put commodities sold by farmers on a "par" with commodities bought by farmers.

Base Period 1910–14

In reference to the base period, Congress has indicated that a fair or reasonable relationship existed between agricultural prices and nonfarm prices from 1910 to 1914 and has specified that this period should be used as the base for parity price computations.

Thus if, on the average, prices paid by farmers for machinery, fertilizer, feed, seed, fuel, building materials, food, and other commodities coupled with rates paid hired labor, prices paid for telephones and electricity, interest on real estate mortgages, taxes, etc., are now 2¾ times the 1910–14 average, then prices of products sold by farmers would need to average 2¾ times the 1910–14 average, if they are to sell at parity.

Back in the 1920's, following World War I, the idea of equality for agriculture was widely discussed and was given serious study by economists, by farmers, farm organizations, and by the Government. The various ideas gradually took shape in a definite pattern, and in the Agricultural Act of 1933 Congress defined the concept of parity.

Although the basic concept still holds, Congress has from time to time modified the formula and has stated more specifically just what parity means and has specified the part this idea should play in agricultural programs. The Agricultural Adjustment Act of 1938 as amended by the Agricultural Acts of 1948, 1949, and 1954 spells out in detail the formula for computing parity prices.

Major Use of Parity

The Crop Reporting Board of the Agricultural Marketing Service computes and publishes parity prices each month for some 160 agricultural commodities (*about 25 of these are listed in the table on page 14 of every issue of the Agricultural Situation*). These computations are made in accordance with the procedures laid down by Congress and in accordance with regulations issued by the Secretary of Agriculture.

Each of these parity prices varies from month to month as prices *paid* by farmers change. They do not reflect month to month changes in the prices *received* by farmers for their products. Since there is virtually no seasonal movement in the Parity Index (that is, the Index of Prices Paid by Farmers, including Interest, Taxes, and Wage Rates), parity prices for individual commodities do not follow a definite seasonal pattern.

Probably the most important use of parity prices is in connection with Federal price support programs.

In most support programs, the support level is determined as a specified percentage of parity. For many programs, the parity price for the last

month before the start of the marketing season for the commodity concerned is used. For example, the June parity price for wheat determines the wheat support level, the July parity price determines the cotton support level, and the September parity price determines the corn support level.

For many crops, the Department announces a *minimum* support level prior to planting time for the crops concerned. Often the parity price at the time of these advance announcements is used to determine the minimum support level. If the parity price at the start of the marketing season proves to be higher than the parity price used for the minimum level determination, the support price is raised to the higher level. If, on the other hand, it turns out to be lower, then the previously announced support level is used.

Other Uses

Another use for parity prices is in accordance with the Agricultural Marketing Agreement Act of 1937, as amended, which provides for the stabilization of marketings of some agricultural commodities, such as fresh fruit, fresh vegetables, potatoes, tree nuts, and hops, by means of marketing agreements and orders. Parity prices are an important factor in determining the need for marketing agreements or orders for these commodities.

Parity prices in general are used as a measuring device or yardstick. In this connection parity prices are the dollar-and-cents prices that give farm products the same buying or purchasing power these products had in the base period. Comparing the parity price with the price received by farmers for any given month indicates whether or not the price is in balance with what the Congress has defined as a fair price.

Where do we get the data needed for parity price computations?

Each month over 10,000 buyers and dealers in agricultural products, marketing agencies, farmers, and others well informed regarding prices of farm products submit reports showing prices currently being received by farmers in their locality. Similarly many thousand merchants and dealers submit monthly, quarterly, or semi-annual reports showing prices actually being paid by farmers for the products they buy. These "price reporters" are scattered throughout all areas of the United States, and they provide a cross section of prices received and paid by farmers in their local markets.

Then, there are thousands of "crop and livestock reporters" who supply the data used in preparing estimates of production and sales of agricultural commodities. Such data are needed to measure the relative importance of individual commodities so the price data can be combined into index numbers. Of course, the computation of price indexes and parity prices is only one of the many uses made of these data. These indexes provide a useful indication of the price situation and they, of course, play an important part in our present-day agricultural economy.

Reporters who supply the basic data needed in these computations serve voluntarily without monetary compensation and they are to be commended for their unselfish cooperation in this important work.

Parity, a National Concept

The parity price for a commodity relates to the United States average for all classes and grades of the commodity priced at the local markets in which farmers ordinarily sell. Parity prices are not computed by grades or by classes, and parity prices *do not* relate to specific markets or to specific areas.

When needed in connection with a particular program, average or normal differentials for different varieties, classes, or grades of a commodity and average or normal spreads between different markets, methods of sale, or locations may, of course, be calculated and applied to the national average support level or to the parity price. Differentials may also be established for seasonal differences, especially where there is a reasonably regular and well-defined seasonal movement. The price differentials or spreads are flexible and can be adjusted from time to time to reflect changing conditions. Parity prices as published by AMS, however, are computed in accordance with the procedure specified in the controlling legislation and are simply an average for all classes and grades.

Robert H. Moats
Agricultural Estimates Division, AMS

Farmers Have An Interest In the Potato Peeling Industry

FARMERS, as well as consumers, have a stake in the many things that are being done to make their products more convenient to use and more salable. Commercial potato peeling is an interesting example.

The per capita consumption of potatoes has fallen from 195 pounds in 1910 to 104 in 1954. Per capita consumption of canned vegetables, on the other hand, has increased almost threefold since 1909, frozen fruit consumption has increased from less than a pound to nearly 7 pounds per capita since 1925, rice has maintained its level of consumption at about 5 pounds per capita since 1935, and frozen vegetable consumption has increased steadily since 1937.

During recent years potatoes in processed form—that is, chips, canned, dehydrated, frozen, and fresh peeled—have been the bright spots in the potato consumption picture. The total of all potatoes used by processors has increased from approximately 2 pounds per capita in 1940 to nearly 15 in 1954.

Thus, it appears that notable increases in per capita consumption have occurred among those food commodities which are relatively easy to prepare. Saving of time in the preparation of such commodities as potatoes tends to increase consumption through greater sales appeal. It seems logical that if the easily prepared items move into consumption more readily, then it is to the interest of the producers of the harder-to-prepare commodities to study ways and means of making their products more convenient to use.

Catering to the Trade

Restaurants and institutional eating places especially are apt to consider this time-saving factor when they prepare their menus. They are likely to favor "convenience" items in the interest of saving time and labor. Thus, they may use canned or frozen fruits and vegetables instead of the fresh. They quite logically might substitute more easily prepared, similar type foods for potatoes if they do not care to spend time and labor peeling and cutting them.

Some restaurants and eating places are located in areas where labor is scarce and expensive while others place great emphasis on being able to serve their meals in the shortest possible time. Some of the smaller roadside eating places have been set up for a one- or two-man "short-order" operation. Such eating places are not likely to favor the use of food items that require lengthy preparation. They choose easy-to-prepare or ready-prepared items.

Peeling Plants Studied

When restaurants do their own potato peeling they either remove the skins by hand with a paring knife or use a mechanical device known as the "abrasion peeler" for this purpose, in which case they must still use a paring knife to remove the skin in the area around the potato eyes. In addition, if the potatoes are to be served as french fries or sliced for hash browning, they have to be cut up.

These tasks not only result in considerable waste of the commodity itself but they often utilize expensive labor that can be engaged in other more productive work. Today in most metropolitan areas, these services can be purchased at a modern potato peeling plant.

Potatoes were first peeled commercially in the metropolitan area of Boston, Mass., in 1931. The industry developed slowly prior to World War II. After the war, growth became more rapid so that USDA's Agricultural Marketing Service, in 1954, decided to survey the industry. The objective of this survey was to obtain information on the quantities of potatoes used by the industry and the types of potatoes purchased or desired—by size, grade, and

variety as well as other information that might give some indication of the importance of this market.

Not Just Potatoes . . .

Previous studies of the buying habits of consumers have shown that it is not just potatoes that people want. They want different kinds and sizes of potatoes for different uses. The publications "People and Potatoes", "Potato Preferences Among Household Consumers," and "Potato Preferences Among Restaurant and Hotel Buyers", (*earlier reports of studies conducted by the Department of Agriculture*) indicate this fact.

Notable changes in the display, packaging and merchandising of potatoes have taken place during the last few years. Visit any up-to-date grocery store, talk to the manager and ask him to show you his display. He will tell you of some of the steps that have been taken to maintain a better quality product, or of ways in which the demands of consumers have been met. Many believe that these steps have played a part in helping growers and handlers to move potatoes. It has been a necessary development to hold the trade that might otherwise have been lost to competing products.

Satisfying Specialized Demand

Just as earlier studies sought to learn more about the types of potatoes consumers wanted, studies of commercial peeling plants should provide information to help growers produce a better potato, properly sized and graded to meet this specialized demand. The idea behind the survey was to try to learn as much as possible about any special demand that is developing for this product. Both the earlier studies and this new study were aimed at learning what kind of potatoes best satisfy the customer.

The survey of the firms that make up the commercial potato peeling industry of the United States indicated they have already taken important steps in the direction of building their business on a solid foundation of satisfied customers. This means they are not only offering this product in a more convenient form but that they are attempting to select just the right potatoes for the particular use.

You know, of course, that all potatoes do not necessarily make satisfactory french fries. If the quality and condition of the potatoes are not just right a poor serving of french fries may result.

Approximately two-thirds of the plants that participated in the recent study pretested the potatoes they were interested in buying, and cooked them, so they could judge their suitability for intended use by their taste and appearance after they had been cooked. If these samples failed to measure up to the standards of the peeler, the potatoes were not purchased.

These plants indicated they were not just peeling and selling potatoes. They were peeling and selling potatoes that were particularly suited to the use to be made of them.

Avoid Guesswork

Such practices should be strong selling points because it is not enough for a restaurant to serve potatoes; to be successful they will have to satisfy customers. Thus, the guesswork in selecting potatoes that are suitable for french fries, boiling, or hash browning, can be reduced.

More knowledge about such practices, which make the use of potatoes by restaurants and institutional eating places easier or more convenient, while at the same time help them to be sure of good quality, should also benefit growers by insuring greater consumption by these outlets.

The ultimate economic consequences to the grower, will depend not only on changes in the quantity of potatoes sold but also to a large extent on the costs of providing the additional services. Cost studies, both public and private, will go on. We do know, of course, as we have already indicated that there are a good many buyers so situated that they demand the specially prepared, "convenience" items even at the higher costs. The goal to work to, however, is more efficiency and lower costs, so that more and more customers will be added.

William N. Garrott
Marketing Research Division, AMS

"Bert" Newell's Letter

To Crop and Livestock Reporters

I HAVE BEEN sitting here wondering what we ought to visit about this month. In our Division we have a lot of things that go along continuously throughout the year. Beginning along in April, however, the number and size of reports increase each month until we reach a peak at the end of the year. So here we are in June, almost, and what with dry areas and wet areas, good conditions and bad conditions, and some 170 crops to keep in mind all the time, there are so many things to talk about I hardly know where to start.

I wish we could just kind of lean back and have a nice two-way visit over just a lot of things, like I did with a man who dropped in the office a little while back.

This fellow just walked in and said he was a crop reporter. Having a few days in Washington, he had wanted to drop in and see what the guy looked like who had been writing these letters and signing all of those questionnaires he had been filling out all of these years.

One Guy to Another

We talked about crop reports, of course, but mostly we just compared notes. His family had grown up, just like mine, and we found we had a lot of things in common. We worried and joked together about one thing and another and all in all I had an awfully good time. I hope he did. Anyway, he said he was coming back the next chance he got.

Come to think of it, there was one thing we chewed over quite a bit that might be of interest to all of you. He raised a question as to why we put, or used, the same question on several inquiries during the year. This comes up most often in our quarterly farm stocks inquiries where we ask each time the total production of a particular crop, like corn, or wheat, or something else. Well now, that does seem a little unnecessary. Fact is, every now and then I get a letter from a crop reporter who says, "I told you what my production was last time. So look it up and use that figure."

Now when we get a reply like this, it causes quite a little extra work.

To begin with, let me outline very briefly just what our time schedule is. From the time you make out your report, about the first of the month, until the release time in Washington is only about 10 days. In that period of time we have to allow for the mail to get your report from your farm to the State statistician's office; then, the statistician has to tabulate those reports, summarize them, make up his estimates, and forward them to Washington. Here, they are combined with similar reports from 48 States, analyzed by our specialists, and finally the report is put out. Now, considering Sundays and holidays, we never have more than 8 days for work during that 10-day period, sometimes as few as 6.

Not Enough Time

So if you will visualize summarizing 25,000 to 30,000 individual farm reports from all over the country, I'm sure you will recognize that there are not many minutes to be wasted at any time. So you see, if we have to take time out to go back and look up each individual schedule for a previous month and then compute the percentages there would just not be time enough to get the report out in time to be of very much use.

So frankly, there are a number of times during the year when you will be asked to put down the total production, or total acres of a crop on two or three separate inquiries. You know what the figure is and can put it down in less than a minute; whereas, if we had to look it up each time it would take hours of work in each of our State offices. Now I know most of you do put down the figure and never raise any question about it, and we appreciate that help, because it makes the report we put out much more reliable and I know that's what you and everyone else wants. So, I hope you will

(*Continued on page 8*)

Farm-Product "Selling" Campaigns Get An Extra Boost This Spring

MILK and other dairy products, broilers and fryers, and raisins—all commodities in heavy supply—will get a boost from the U. S. Department of Agriculture during the coming months.

This month, USDA features broilers and fryers and raisins on its Plentiful Foods List—a monthly list used to encourage consumption of abundant farm products. USDA emphasis on broilers and fryers and raisins during May coincides with special industry promotions.

Next month, the Department will lend its support to the dairy industry's annual "June Dairy Month" drive with a Special Plentiful Foods program on milk and other dairy products.

In backing these industry campaigns, USDA helps focus public attention on the abundance and good food value of the commodities. The Department believes marketing difficulties can be relieved through regular trade channels with the help of food trades in merchandising plentiful foods and with consumers buying and using more of them.

The dairymen's June campaign, with "Festival of Better Living" as its theme, is already underway. It's supported by all segments of the dairy industry, including producers, processors, distributors, equipment suppliers, trade associations, and other allied groups. Secretary of Agriculture Ezra Taft Benson has pledged USDA cooperation in the program, and urges public and food trades support for "June Dairy Month".

Featured Foods for May

Broilers and fryers and raisins, now being featured on USDA's May Plentiful Foods List, will get special attention throughout May in merchandising and information programs. USDA informational facilities are being used to tell consumers about these foods and the many ways they can be served.

At the same time, food trades specialists are enlisting cooperation from the food industries to give the commodities their best merchandising efforts during May in wholesale, retail, restaurant, and other food-selling operations.

Besides the featured items, USDA urges increased consumption during May of a number of other commodities in abundant supply. These also appear on the May Plentiful Foods List, and include: oranges and grapefruit, beef, pork, milk and other dairy products, rice, small size prunes, vegetable fats and oils, lard, frozen halibut, frozen fish fillets, and canned tuna.

Lynn Kennon
Marketing Information Division, AMS

(*Continued from page 7*)

understand why we ask these questions on successive reports and will continue to cooperate in giving us the figures.

O yes, we visited some more about our families . . . this crop reporter and I. He asked about my daughter who got married just a year ago. Well, she's getting along fine and she and her husband are located near Washington for a short time, so we see them fairly often. My son is still in the Army. He's an MP (*that doesn't mean Member of Parliament*) and is located in Berlin. He seems to be getting along O. K., but it's an awfully long way from home. The oldest daughter and her husband are still located up in northern Pennsylvania and she's a pretty busy little mother with three small children.

Well, that brings you up to date on family matters, and now about you.

With all the visitors that land in Washington every spring, I am always hopeful that there will be a few crop reporters in the crowd and I'd be more than delighted if you would drop in for a chat. My room is 2049 South Building in the Department of Agriculture. Just come to any of the buildings in the Department of Agriculture and ask the guard for the Agricultural Estimates Division or the Crop Reporting Board. We'll all be glad to see you.

S. R. NEWELL, *Chairman*
Crop Reporting Board, AMS

Farmers Marketing Receipts

TOTAL cash receipts from farm marketings in 1954 were down from 1953 in all but 4 States. The decline was 5 percent for the country as a whole with livestock and products down 3 percent and crops down 6 percent. Prices averaged 3 percent lower in 1954 and marketings declined slightly. Total cash receipts were up in 1954 in South Dakota, North Carolina, Kentucky, and Florida. In the other States, the declines in total cash receipts ranged from 18 percent in South Carolina to 1 percent in Indiana, Texas, Montana, and New Mexico. They were less than 10 percent in 35 States.

Farmers in 9 States received more from marketings of livestock and products than in 1953, and the gains ranged from very slight increases in Kansas, Texas, and Colorado to 5 percent in Wyoming. Delaware showed the greatest drop with declines of 12 percent while Georgia, Florida, Idaho, and Nevada were down less than 1 percent. Only 3 States showed declines of 10 percent or more. Besides Delaware, these included Maine and Maryland.

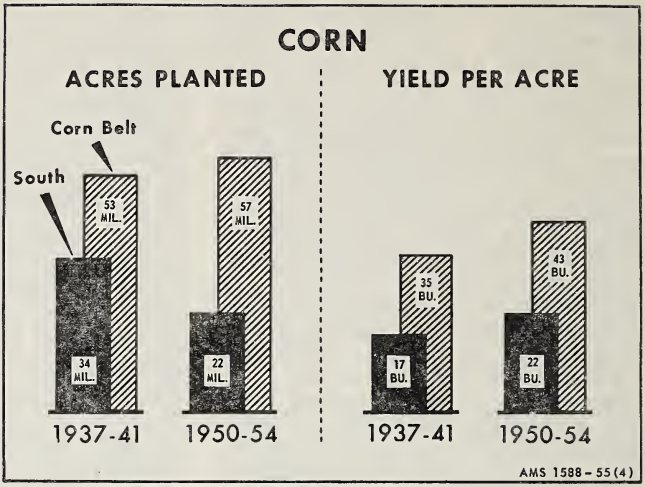
Crop receipts in 1954 showed somewhat greater changes from 1953. In Colorado, crop receipts were down 28 percent; in Kentucky, on the other hand, they were up 9 percent. In 23 States, the declines in crop receipts were less than 10 percent; and in 15 States, they were down more than 10 percent. Gains were shown in 10 States. Cash receipts were held up in most of the North Central States by larger receipts from soybeans and from corn in South Dakota, and cattle and calves in Nebraska and Kansas. In Florida, substantial increases in receipts from citrus fruits accounted for most of the 3 percent gain in total receipts; while in North Carolina and Kentucky, the increases were due mainly to larger receipts from tobacco. Increased receipts from corn were responsible for the slight gain in total receipts in South Dakota.

On the basis of total cash receipts, California and Iowa were again in first and second places, respectively, as they have been every year since 1949. However, Texas and Illinois, which have been in third and fourth places, respectively, for the past 5 years, were interchanged in 1954 with total receipts from Illinois 3 percent above those for Texas.

Harry C. Norcross
Agricultural Economics Division, AMS

State	Cash receipts		1954 as percent of 1953			State	Cash receipts		1954 as percent of 1953		
	1953	1954	Livestock	Crops	Total		1953	1954	Livestock	Crops	Total
	Million dollars	*Million dollars*	*Percent*	*Percent*	*Percent*		*Million dollars*	*Million dollars*	*Percent*	*Percent*	*Percent*
Calif	2,599	2,491	95	97	96	N. Dak	481	428	96	86	89
Iowa	2,386	2,347	99	95	98	Colo	483	427	100	72	88
Ill	2,008	1,956	97	98	97	Oreg	403	384	94	96	95
Tex	1,922	1,894	100	97	99	Ala	422	377	104	81	89
Minn	1,284	1,231	94	101	96	Mont	372	368	104	96	99
Ind	1,151	1,136	96	105	99	Ariz	415	365	104	83	88
Ohio	1,112	1,081	95	101	97	La	412	362	98	84	88
Nebr	1,111	1,068	102	85	96	N. J	365	337	91	95	92
Mo	1,063	1,036	97	99	98	Idaho	349	322	100	88	92
Wis	1,055	993	94	94	94	S. C	385	315	95	78	82
Kans	971	953	100	96	98	Md	266	246	90	97	92
N. C	904	927	98	104	102	Mass	209	192	91	95	92
N. Y	875	817	93	94	93	N. Mex	188	186	107	91	99
Pa	802	749	92	97	93	Conn	182	172	92	99	95
Mich	707	659	94	93	93	Maine	175	147	89	75	84
Ga	647	567	100	79	88	Utah	154	144	96	89	94
Wash	591	564	94	96	95	Wyo	129	126	105	77	98
Ky	544	556	95	109	102	W. Va	126	123	96	104	98
Fla	530	547	100	104	103	Vt	110	106	95	108	96
Ark	563	541	95	97	96	Del	103	94	88	98	91
S. Dak	529	531	98	106	100	N. H	73	67	92	96	93
Okla	577	528	99	83	91	Nev	43	42	100	89	98
Miss	662	520	95	74	79	R. I	27	25	93	100	95
Va	469	454	93	102	97						
Tenn	479	453	95	94	95	U. S	31,413	29,954	95	97	94

Trends . . .



CORN GROWERS are "following the trend" this year, according to the acreage plans they reported in March.

Farmers in Southern States intended to plant 3 percent fewer acres to corn than last year. The South has been gradually cutting corn plantings and the acreage planned for 1955 is the lowest in 80 years. Southern farmers are relying more on forage crops and other grains for feed. These crops also fit better in the rotations adopted on many farms in the area.

In the North Central Region, which contains the Corn Belt, farmers reported they plan to put 58 million acres into corn this year, slightly more than in 1954 and 3½ million more than the 1937–41 average. Acreage has varied considerably from year to year but has not shown a definite trend for 2 decades.

Both Corn Belt and southern farmers have raised yields substantially the last 15 or 20 years. The South shows a little bigger percentage gain, despite dry weather the last few seasons. But an acre of land in the South still produces, on the average, only about half as much corn as an acre in the Corn Belt.

Improved Farming Practices

Much of the increase in yields in both areas can be explained by:

Hybrid Seed—Nearly all acreage in the Corn Belt and over 60 percent of the corn land in the South was planted with hybrids in 1954. Twenty years ago hybrids were used only 1 acre in every 100.

Machines—Modern machines make possible more rapid and efficient seed bed preparation, planting, tillage and harvesting.

Fertilizer—Figures for the quantity used on corn in the two areas are not available. But data for 6 Corn Belt States indicate that in recent years about 6 times as much fertilizer was used in corn production as just before World War II.

The decline in corn acreage—largely in the South—has reduced the national total to the lowest level since 1894. But with the rise in yields, the United States corn crops of recent years have been higher than in any previous period.

SUCH CHARTS as the one shown above serve to illustrate one of the uses made of data supplied by crop and livestock reporters. The information that reporters send in from various parts of the United States is not only used in preparing monthly reports, but the monthly reports are saved and used by our economists, along with census figures and other data, to determine what trends are taking place over a period of years. Watch for other trend charts in the months ahead.

Outlook Highlights

. . . MAY 1955

THE BUSINESS outlook indicates that consumer income will continue above that of last year . . . which assures a good market for food and other products. Consumer income after taxes, so far this year, has been topping last year by about 3 percent.

Other considerations favoring business activity include the following: Government spending for defense is not likely to decline further. Businessmen may add to inventories in the months ahead; and they are increasing investments in plant and equipment, after reducing them for more than a year. Economic activity is likely to continue high, even though output of autos and houses may slip later in '55.

Agricultural exports have increased further this year, after showing a 7 percent gain in '54 over '53. More wheat, cotton, tobacco, and soybeans were shipped abroad through March than in the same period last year. Special U. S. Government programs, better economic conditions abroad, more dollars in foreign lands are main reasons for the gain.

Outlook for Farmers

As to the farm situation, output may total nearly as large as last year. Livestock production will be about the same, with less poultry and eggs and more hogs. Crop production is not likely to change much if weather is average. Land taken out of cotton and wheat will go into soybeans, feed grains and pasture. Adds up to the likelihood that large supplies will again prevent the strong demand from raising the level of farm prices.

Prices received by farmers are likely to stay close to current levels through most of 1955. So far this year, they have averaged 2 percent below the level for 1954 as a whole.

With prices a little lower and marketing nearly as large, cash receipts from the sale of farm products are expected to be lower than in 1954. Wheat receipts will be down since acreage has been reduced and the support level is a little lower. The 1955 allotments call for a smaller cotton acreage. Hog prices are well below last year. On the other hand, cash receipts may be up for broilers, eggs, and oil crops and be maintained for most other products.

Farm production costs probably will be down a little this year. Most of the decline will be in feed and rental payments. The cost reduction is not likely to be enough to offset the drop in gross income. The net income realized by farm operators probably will be down from 1954, perhaps by 5 percent.

Livestock

Cattle slaughter the rest of the year probably will be at about the 1954 rate . . . a little lower in summer . . . higher in the fall. Aside from seasonal changes, prices are expected to be at about last year's levels. Hog slaughter will stay above a year earlier through 1955, but the rate of expansion is slowing down. Recent report for six Corn Belt States shows most of the increase over a year earlier in this spring's pig crop came in December, January, and February. This points to heavy early marketings and an early seasonal price decline this fall.

Eggs and Poultry

Beginning in late summer, egg production will be affected by the sharp drop in laying flock replacement early this year. Twenty-eight percent fewer chicks were on farms April 1 than a year earlier. Prospects are good for a substantial seasonal egg price rise this year. In 1954, for the first time, egg prices failed to rise from spring to fall. Present indications are for reduced output of light-weight turkeys. But hatch of heavy breed poults points to possibility of greater production than in 1954.

Feeds

The total supply of feed concentrate for the 1955–56 marketing season may rise a little above the 1954–55 peak of 181 million tons. This forecast is based on farmers' acreage plans as reported in March.

Corn in the commercial area will be supported at not less than $1.58 per bushel, 87 percent of the February parity. Acreage indications point to

(*Continued on page 16*)

Rails and Trucks Have Part In Better Market for Florida Oranges

GROWERS and shippers of Florida oranges had some of their fears of a surplus removed by the introduction, a few years ago, of a palatable frozen orange juice concentrate. In the days when oranges were sold mainly as fresh fruit, utilization of the crop was limited. Introduction of canned single-strength juice provided for somewhat greater crop utilization. But when a process was developed for reducing oranges to a frozen concentrate, growers' outlets expanded phenomenally.

The rapid and sustained rise of the concentrate industry would not, however, have been possible without parallel growth of specialized services of the railroads and motortrucks which have moved a substantial part of the Florida orange crop to consumers in the new form. Speed and flexibility of movement, and maintenance of safe temperatures from factory to consumer were indispensable to the mushrooming distribution pattern.

Today, this frozen product is available to consumers at thousands of food stores, restaurants, and refreshment bars throughout the country. In the 1952–53 season, it accounted for more than 40 percent of all frozen food sales, and was purchased by about a third of all American families. Consumer acceptance, together with multiplying retail outlets, give the industry reason to believe that sales will continue to expand.

Moving Bigger Crops

A forthcoming AMS report, "Transportation of Florida Frozen Orange Juice Concentrate," traces the rapid growth of the concentrate industry from its modest beginnings in 1945 through the 1953 season; analyzes the development of the competitive transportation service it induced; and discusses distribution problems in eastern United States, the principal area to which the Florida product has been shipped.

According to the report, the single pilot plant in Florida processed 226,000 gallons of frozen concentrate in the initial season, 1945–46, and used less than half of 1 percent of Florida's total orange crop of 50 million boxes. Fresh fruit marketings in that season accounted for 61 percent, and canned single-strength juice for 28 percent of the total orange crop.

In the 1952–53 season, 21 processing plants located at 18 separate points in 9 Florida counties produced 46.5 million gallons of concentrate and used 45 percent of a 72 million box orange crop. In that season, out of a total orange crop about half again as large as that of the 1945–46 season, 36 percent was marketed as fresh fruit, and 14 percent as canned single-strength juice.

Yet, in the period 1945–46 through 1952–53, sales of oranges marketed as fresh fruit dropped only from 30 million to 26 million boxes. The increase in frozen concentrate output was of significant benefit to growers, since it came mainly out of the huge increase in the orange crop.

During the first few seasons, when production was light, consumer demand was so strong that concentrate was shipped directly from plants to distributors on the Eastern Seaboard. By 1949, however, production had risen to the competitive level of 10 million gallons, and markets were opening up rapidly throughout the Northeastern and North Central States. Shippers began to feel a transportation pinch—neither the quantity nor the quality of the service available was adequate for their rapidly growing, particular needs.

Meet Transportation Problems

Frozen concentrate is highly perishable, and hence is held at a low temperature—usually 0° F.—from the time it is produced until it reaches the consumer. Specialized high-cost equipment and regular service are, therefore, essential if product quality is to be maintained.

The AMS report points out that the railroads for many years had hauled

the greater proportion of the Florida oranges marketed as fresh fruit, and that in the early years they were given the major share of the concentrate traffic. Few motor carriers at the time had either the refrigerated equipment or the ICC operating authority needed to move the new product to market.

Competition, Better Equipment

Beginning in 1949, when it became apparent that the rail ice-and-salt refrigerator cars then in use could not maintain the desired low temperatures on the longer hauls, shippers encouraged motor carriers to apply for operating authority and to purchase mechanically refrigerated, heavily insulated trailer equipment. Carrier response was not long in forthcoming, and brisk competition for the new traffic developed between the railroads and the trucks.

Production of canned single-strength orange juice had reduced the railroads' traffic in fresh fruit, although they made up for some of the loss by moving a large volume of the canned juice. Introduction of concentrate further reduced their traffic in fresh fruit. Depending upon the juice content of the oranges used, a single carload of frozen concentrate contains the juice equivalent of 11 or more carloads of fresh oranges.

Moreover, competition from motor carriers reduced the rail share of the concentrate traffic. At the end of the 1949–50 season, trucks were hauling well over half of the concentrate moving out of Florida.

The railroads then began to provide shippers with some mechanically refrigerated cars. Refrigerated rail cars in Florida service are owned mainly by a subsidiary of 19 railroads, including the 2 chief railroads serving Florida concentrate production and storage points. From fewer than 10 in the 1949–50 season, according to the report, the number of such cars in service on this refrigerator car line rose to 65 at the end of the 1950–51 season, and to 165 at the end of the 1952–53 season.[1] Since 1950, the railroads have succeeded once more in attracting an increasing share of such traffic to their lines. In the 1950–51 season, business was evenly divided between rail and truck carriers; in the 1952–53 season, the railroads moved 60 percent and the motor carriers 40 percent of the concentrate shipped out of Florida.

Nevertheless, according to the report, flexibility of operations and their ability to give door-to-door delivery service have enabled the motor carriers to retain a sizable, though diminishing, proportion of the Florida concentrate traffic. Tonnage hauled by truck has, however, been well maintained.

A collateral problem has been that of storage. Florida processors of concentrate have long been interested in warehousing their own pack, both to keep it under optimum conditions and to avoid having to bargain for scarce zero storage space each season—an important consideration in an area where other frozen foods compete for space. Until recently, few packers were able to warehouse much inventory supply at their own plants.

Because lack of warehousing space during the record-breaking 1951–52 concentrate processing season threatened to curtail their production, Florida packers were spurred to undertake expansion of their own storage facilities. Plant additions since 1952 have brought private zero storage space in Florida to 6.5 million cubic feet, or enough to take care of a large part of the annual pack.

Adequate plant storage is of special significance to both growers and packers of Florida oranges. It lessens the possibility of seasonally curtailed production of concentrate, tends to even the flow of concentrate to market during the year, and permits prompt shipment to new and often widely scattered market areas.

Both Services Needed

Although the share of traffic handled by each type of carrier may fluctuate somewhat in the future, experience with both rail and motor carriers has shown Florida shippers that they need the services of both. Moreover, they are alert to the value of competition between modes of transport. Their preferences for carriers to serve their markets seem to be assuming a fairly

[1] By early 1955, the number in service had increased to 468. Not all, of course, are available for use by shippers of frozen orange juice concentrate.

definite pattern. Motortruck service is used while markets are being built up, when speed and flexibility are important, and at all times for secondary service on shipments to distributors who do not have rail facilities or who cannot accommodate full carloads at one time. Railroads are used to service established markets where large volume is essential, but where speed is not necessarily a factor.

While the past decade has seen a phenomenal increase in consumer purchases of Florida concentrate, the rate of increase in most large markets in the eastern half of the country appears to be leveling off. But Florida shippers have already turned their attention to western markets, which they feel will expand even more rapidly than did those in the North and East.

Resolving the transportation problems incident to moving concentrate to markets in the eastern half of the country was not accomplished without adjustments on the part of the carriers. The forthcoming report details some of these problems, particularly the complex regulatory situations which developed. Despite any divergences between the transportation patterns for the two halves of the country, however, the eastern experience may well be drawn upon as new markets for Florida concentrate develop in the West.

Margaret R. Purcell
Agricultural Marketing Service

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Agricultural Marketing Service. Average of reports covering the United States weighted according to relative importance of district and State]

Commodity	Average		Apr. 15, 1954	Mar. 15, 1955	Apr. 15, 1955	Effective parity price, Apr. 15, 1955 [2]
	Base period price [1]	January 1947–December 1949				
Basic commodities:						
Cotton, American upland (pound)—cents	[3] 12.4	31.21	31.57	31.87	31.93	35.22
Wheat (bushel)—dollars	[4] .884	2.14	2.06	2.12	2.09	2.51
Rice (cwt.)—do	1.93	5.38	5.01	4.46	4.52	5.48
Corn (bushel)—do	[4] .642	1.64	1.45	1.36	1.36	1.82
Peanuts (pound)—cents	[4] 4.8	10.2	11.2	12.5	12.5	13.6
Designated nonbasic commodities:						
Butterfat in cream (pound)—do	26.1	71.2	56.8	57.5	57.1	74.1
All milk, wholesale (100 lb.) [5]—dollars	1.66	4.42	3.67	3.93	[6] 3.73	4.71
Wool (pound)—cents	21.0	46.0	53.6	50.1	48.7	59.6
Other nonbasic commodities:						
Barley (bushel)—dollars	.475	1.37	1.10	1.08	1.07	1.35
Cottonseed (ton)—do	25.20	71.60	50.80	53.40	53.40	71.60
Flaxseed (bushel)—do	1.58	5.54	3.54	2.88	2.87	4.49
Oats (bushel)—do	.305	.852	.780	.737	.727	.866
Potatoes (bushel)—do	[7] .517	1.48	.686	1.18	2.17	1.47
Rye (bushel)—do	.594	1.82	1.07	1.12	1.06	1.69
Sorghum, grain (100 lb.)—do	.897	2.53	2.43	2.23	2.23	2.55
Soybeans (bushel)—do	1.03	2.84	3.52	2.54	2.42	2.93
Sweetpotatoes (bushel)—do	.981	[8] 2.35	2.76	3.10	3.15	2.79
Beef cattle (100 lb.)—do	7.55	20.20	[8] 16.90	16.70	17.00	21.40
All chickens (pound)—cents	10.3	29.3	23.5	27.3	26.4	29.3
Eggs (dozen)—do	16.4	46.6	35.0	39.7	35.9	46.6
Hogs (100 lb.)—dollars	7.55	21.90	[8] 26.40	15.40	16.60	21.40
Lambs (100 lb.)—do	8.28	21.90	[8] 21.90	19.80	19.60	23.50
Calves (100 lb.)—do	8.28	22.60	18.10	17.40	17.60	23.50
Oranges, on tree (box)—do	[9] 2.29	1.23	1.67	1.62	1.79	[10] 2.88
Apples, for fresh use (bushel) [11]—do	1.00	2.39	3.31	2.90	2.93	2.84
Hay, baled (ton)—do	8.43	22.40	22.80	23.00	22.40	23.90

[1] Adjusted base period prices 1910–14 used for computing parity prices. Derived from 120-month average January 1945–December 1954 unless otherwise noted.
[2] Parity prices are computed under the provisions of title III, subtitle A, section 301 (a) of the Agricultural Adjustment Act of 1938 as amended by the Agricultural Acts of 1948, 1949 and 1954.
[3] 60-month average, August 1909–July 1914, for all cotton.
[4] 60-month average, August 1909–July 1914.
[5] Prices received by farmers are estimates for the month.
[6] Preliminary.
[7] Adjusted base period price 1910–14 derived from 10-season average prices 1945–54.
[8] Revised.
[9] 10-season average 1919–28.
[10] Transitional parity, 70 percent of parity price computed under formula in use prior to Jan. 1, 1950.
[11] Prices prior to July 1954 include some processing.

Year and month	Industrial production (1947–49=100)[1]	Total personal income payments (1947–49=100)[2]	Average earnings of factory workers per worker (1910–14=100)	Wholesale prices of all commodities (1910–14=100)[3]	Index numbers of prices paid by farmers (1910–14=100)			Index numbers of prices received by farmers (1910–14=100)			
								Livestock and products			
					Commodities	Wage rates for hired farm labor[4]	Commodities, interest, taxes and wage rates	Dairy products	Poultry and eggs	Meat animals	All livestock
1910–14 average	-------	-------	100	100	100	100	100	100	100	100	100
1925–29 average	53	-------	232	143	151	184	161	161	155	145	152
1935–39 average	54	34	199	118	124	121	125	119	110	117	116
1947–49 average	100	100	462	225	240	430	250	275	229	334	292
1951 average	120	126	563	258	271	470	282	286	228	409	336
1952 average	124	134	593	251	273	503	287	302	206	353	306
1953 average	134	142	624	247	262	513	279	273	221	298	273
1954 average	125	142	624	248	264	510	281	252	175	295	257
1954											
April	123	141	612	249	265	507	[5] 282	237	178	333	271
May	125	142	620	249	267	-------	284	230	168	331	267
June	124	142	625	247	265	-------	282	229	168	299	251
July	123	141	619	248	263	505	280	237	171	286	247
August	123	141	620	248	264	-------	282	245	178	287	251
September	124	142	626	247	263	-------	280	253	162	277	245
October	126	142	630	246	262	502	279	263	153	267	242
November	[5] 128	143	641	247	262	-------	279	266	159	266	243
December	130	144	646	246	261	-------	279	264	156	257	237
1955											
January	[5] 132	144	644	247	264	521	283	258	163	263	240
February	133	145	[5] 648	248	264	-------	283	253	190	264	244
March	135	-------	657	247	265	-------	284	249	199	260	243
April	-------	-------	-------	-------	265	516	284	240	185	269	242

Year and month	Index numbers of prices received by farmers (1910–14=100)									Parity ratio[6]
	Crops								All crops and livestock	
	Food grains	Feed grains and hay	Tobacco	Cotton	Oil-bearing crops	Fruit	Commercial vegetables	All crops		
1910–14 average	100	100	100	100	100	100	-------	100	100	100
1925–29 average	140	118	169	150	135	146	145	143	143	92
1935–39 average	94	96	172	87	113	91	107	98	108	86
1947–49 average	246	230	384	264	318	183	249	247	271	108
1951 average	243	226	436	336	339	181	269	265	302	107
1952 average	244	234	432	310	296	191	274	267	288	100
1953 average	231	208	429	268	274	206	240	242	258	92
1954 average	232	206	439	274	279	222	228	244	250	89
1954										
April	234	208	443	267	283	217	225	240	257	91
May	227	207	446	272	286	215	279	249	258	91
June	216	205	445	274	283	240	200	244	248	88
July	225	202	446	272	286	228	243	248	247	88
August	228	207	430	288	294	235	223	250	251	89
September	233	210	444	292	276	248	170	247	246	88
October	235	204	441	293	275	218	191	243	242	87
November	239	199	438	281	277	206	237	244	244	87
December	239	202	430	276	279	207	216	241	239	86
1955										
January	241	204	425	275	274	222	263	248	244	86
February	240	203	436	268	270	210	258	245	245	87
March	239	198	437	269	264	205	274	245	244	86
April	236	197	437	270	261	222	264	252	247	87

[1] Federal Reserve Board: represents output of mining and manufacturing; monthly data adjusted for seasonal variation.
[2] Computed from reports of the Department of Commerce; monthly data adjusted for seasonal variation.
[3] Bureau of Labor Statistics.
[4] Farm wage rates simple averages of quarterly data, seasonally adjusted.
[5] Revised.
[6] Ratio of index of prices received to index of prices paid, interest, taxes, and wage rates. This parity ratio will not necessarily be identical to a weighted average percent of parity for all farm products, largely because parity prices for some products are on a transitional basis.

Outlook Highlights

(*Continued from page 11*)

rather extensive over-planting of allotments again this year. Supports for other feed grains will be about a fifth lower than last year.

Dairy Products

About the same milk production as last year, higher consumption and a smaller surplus than in the last 2 years are in prospect. Prices will hold at about the levels of last year. However, dairy farmers will sell more for use as fluid milk which yields a higher return than manufacturing milk.

Wheat

Chances are good that the billion-bushel wheat surplus will be reduced some by the end of the 1955–56 marketing year. The April crop report forecast winter wheat production at 662 million bushels. If farmers plant the acreage to spring wheat they intended in March and yields are average, 177 million bushels would be produced. This adds to a total crop of 839 million. Domestic use and exports are likely to total around 900 million bushels.

Cotton

A little less than 9 million bales of cotton is expected to be used by U. S. mills this year. This figure is based on consumption the first 7 months of 1954–55 and assumes normal seasonal changes the other 5 months. Last year, 8.6 million bales were consumed. Exports in 1954–55 are estimated at 4¼ million bales.

Vegetables and Fruits

Marketings of vegetables, lighter than usual during early spring, are expected to be heavier later on. Cold weather in March severely damaged some vegetable crops, delayed growth of others. The March freeze also reduced prospects for early peaches, apples, and April strawberries.

More and Better Foods From Today's Pay Check

A NEW publication, "More and Better Foods From Today's Pay Check," has been issued by the United States Department of Agriculture. It is an attractive booklet—mostly highly simplified charts and illustrations.

Its theme is the striking contrast between the consumer's food situation today and 30 years ago. It presents forcefully the fact that an hour's "take home" pay buys much more of major foods today than in the mid-1920's.

The bulletin tells how this has been made possible by the many advances achieved in production, quality control, sanitation, transportation, refrigeration, storage, processing, and merchandising.

You may obtain a free copy of this publication by writing to the Office of Information, U. S. Department of Agriculture, Washington 25, D. C.

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